

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY MEXICO

UNCLAS STATE 124253

E.O. 11652: NA

TAGS: APUB, MX

SUBJECT: PRESS RELEASE ON EXIMBANK CREDIT TO CEPAMISA OF
MICHOACAN

FOR YOUR INFORMATION ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-
IMPORT BANK RELEASE ON THE DIRECT CREDIT OF DOLS
3,840,000 TO CELULOSA Y PAPEL DE MICHOACAN, S.A. (CEPAMISA)
OF MICHOACAN. RELEASE IS SCHEDULED FOR ANNOUNCEMENT
HERE IN WASHINGTON,D.C. FOR A.M. PAPERS,
TUESDAY, JUNE 10, 1975.

QUOTE: EXIMBANK CREDIT OF DOLS 3,840,000 SUPPORTS DOLS 9.6
MILLION SALE OF U.S. PAPER-MAKING EQUIPMENT TO MEXICAN COMPANY

TO SUPPORT A DOLS 9.6 MILLION SALE OF U.S.. PAPER-MAKING
MACHINERY TO A COMPANY IN MEXICO, THE BOARD OF DIRECTORS OF
THE EXPORT-IMPORT BANK OF THE UNITED STATES HAS AUTHORIZED A
DIRECT CREDIT OF DOLS 3,840,000 TO FINANCE 40 PERCENT OF THE
TOTAL U.S. COSTS, ACCORDING TO EXIMBANK'S CHAIRMAN
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WILLIAM J. CASEY. A CREDIT OF DOLS 4,140,000 FROM BANK OF

AMERICA, N.T. AND S.A., WILL FINANCE 43 PERCENT OF THE TOTAL U.S. COSTS. THE OBLIGOR, CELULOSA Y PAPEL DE MICHOACAN, S.A. (CEPAMISA) OF MICHOACAN, WILL MAKE CASH PAYMENT OF THE BALANCE OF THE U.S. COSTS OF 17 PERCENT OR DOLS 1,620,000.

THE PAPER-MAKING MACHINERY WILL BE INSTALLED ADJOINING CEPAMISA'S LARGE PULP MILL LOCATED AT MORELIA IN THE STATE OF MICHOACAN. THE MACHINE TO BE PURCHASED FROM BLACK CLAWSON COMPANY OF FULTON, NEW YORK, WILL BE DESIGNED TO PRODUCE PRINTING AND WRITING PAPERS FOR THE EXPANDING MEXICAN MARKET.

THE LOANS ARE TO BE REPAYED IN 10 SEMIANNUAL INSTALLMENTS BEGINNING JUNE 15, 1977. EXIMBANK'S DIRECT CREDIT OF DOLS 3,840,000 WILL BE REPAYED OUT OF A PORTION OF THE SIXTH INSTALLMENT AND ALL OF THE INSTALLMENTS 7 THROUGH 10, WITH INTEREST AT THE ANNUAL RATE OF 8 PERCENT, WHICH WHEN BLENDED WITH THE INTEREST RATE ON THE PORTION OF THE CREDIT FROM PRIVATE SOURCES RESULTS IN AN ESTIMATED INTEREST COST TO THE BORROWER, BASED ON CURRENT RATES, OF FROM 8.55 PERCENT TO 8.8 PERCENT PER ANNUM. REPAYMENT OF EXIMBANK'S LOAN IS TO BE GUARANTEED BY COMPAÑIA DE LAS FABRICAS DE PAPEL DE SAN RAFAEL Y ANEXAS, S.A., WHICH IS THE PARENT OF CEPAMISA. UNQUOTE INGERSOLL

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